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Ogilvy & Mather

International Inc., Advertising

ANNUAL REPORT 1967



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Ogilvy & Mather

New York

Ogilvy & Mather Inc.
2 East 48 Street

Atlanta

230 Peachtree Street N.W.

Chicago

500 No. Michigan Avenue

San Francisco

235 Montgomery Street

Hollywood

6565 Sunset Boulevard

London

Ogilvy & Mather Ltd.
Brettenham House
Lancaster Place W.C. 2

Frankfurt

Heumann, Ogilvy & Mather
G.m.b.H. & Co.
Fellnerstrasse 7-9

Toronto

Ogilvy & Mather (Canada) Ltd.
88 University Avenue

Montreal

Place du Canada

Vienna

Ogilvy & Mather Ges. m.b.H.
Franz Josefs Kai 47

Milan

Ogilvy & Mather S.p.A.
Piazza Santa Maria Beltrade 1

Paris

Ogilvy & Mather International Inc.
129 Champs Elysées

Melbourne

Ogilvy & Mather (Australia) Pty., Ltd.
566 St. Kilda Road

Sydney

I.C.I. House
69 Macquarie Street

OMI OPERATING INCOME (thousands of dollars)

1963	534
1964	1,082
1965	1,419
1966	1,437
1967*	1,590

OMI BILLINGS (millions of dollars)

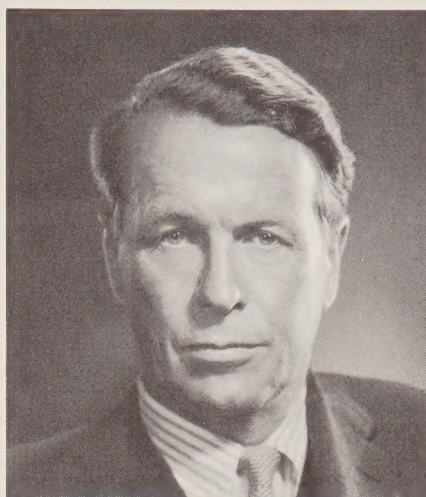
1963	99.8
1964	125.3
1965	149.5
1966	166.3
1967	179.2

*Before extraordinary charge of \$253,019 arising from the devaluation of the British pound.

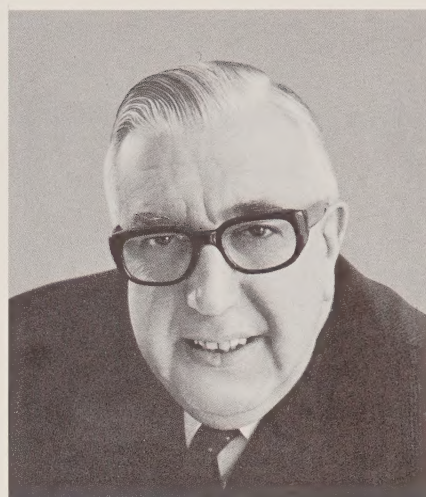
OMI FIVE YEAR EARNINGS SUMMARY (thousands of dollars)

	YEAR ENDED DECEMBER 31				
	1963	1964	1965	1966	1967
Gross billings	\$99,773	\$125,281	\$149,488	\$166,300	\$179,209
Fee and commission income	\$15,971	\$ 20,225	\$ 23,741	\$ 26,675	\$ 28,804
Other income, net	167	220	236	263	289
	16,138	20,445	23,977	26,938	29,093
Salaries & other employee benefits	10,498	12,682	14,459	16,486	17,775
Office, general and other expenses	4,467	5,344	6,590	7,361	7,977
Minority interest	59	100	117	42	33
	15,024	18,126	21,166	23,889	25,785
Income before taxes	1,114	2,319	2,811	3,049	3,308
Provision for taxes on income					
United States	266	564	644	1,146	1,136
Foreign	314	673	748	466	582
	580	1,237	1,392	1,612	1,718
Income before extraordinary charge	534	1,082	1,419	1,437	1,590
Extraordinary charge					253
Net income	\$ 534	\$ 1,082	\$ 1,419	\$ 1,437	\$ 1,337
Per share—Income before					
extraordinary charge	\$.47	\$.97	\$ 1.31	\$ 1.32	\$ 1.46
—Extraordinary charge					.23
—Net income	\$.47	\$.97	\$ 1.31	\$ 1.32	\$ 1.23
—Dividends*			\$.20	\$.30	\$.47½

*Dividends paid after formation of the Company.



DAVID OGILVY
Chairman, O&M International



DONALD ATKINS
Vice-Chairman, O&M International

1967 operations: Our most successful to date

Billings increased 7.8 percent to \$179,209,499. We became the tenth largest American advertising agency in world billings.

Fee and commission income increased 8.0 percent to \$28,804,161.

Operating income, before an extraordinary charge resulting from the devaluation of sterling, increased 10.6 percent to \$1,589,771, or \$1.46 per share, compared with \$1,437,289, or \$1.32 per share in 1966.

Net income per share for 1967 after application of the extraordinary charge of \$.23 per share was \$1.23.

On May 1, 1967, your Directors voted to increase the dividend rate from \$.40 to \$.50 a year.

In 1967, we paid one quarterly dividend of \$.10 per share and three of \$.12½ per share.

Operating income in the United States increased 8.3 percent. 82.2 percent of your Company's income from operating agencies was earned within the United States.

Outside the United States, operating income increased 27.4 percent, as a result of more profitable operations in the United Kingdom and Canada, and despite expenses in establishing our Australian agency and losses in connection with

closing our Swiss agency.

In each of the eight countries where we now have offices, we added new clients in 1967. The complete record is shown on pages 10 and 11. Highlights:

Our U.S. agency was appointed by Merrill Lynch, Pierce, Fenner & Smith; Consolidated Edison; and Hertz International (for its advertising in all foreign countries).

It was a year of great thrust for our English agency in winning new accounts. Included among a dozen new assignments were the Gas Council, Worthington Beer and three Unilever products.

In Canada, four new clients were added to our roster, and we were selected by General Foods and Lever Brothers to handle additional products.

In Germany, we added Gillette Techmatic razors and AEG household appliances. In addition, Unilever awarded us Sanella Margarine and new product assignments.

Other new business on the European continent ranged from banks to bed linen, from potato chips to portable radios.

In Australia we got off to an encouraging start, winning ten accounts in our first seven months of operation.

Growth in the U.S.A.

In 1967, Ogilvy & Mather (U.S.) had its most successful year.

Billings increased \$16,870,439 or 17.3 percent over 1966. Growth in 1967 came largely from increased billings of existing clients. We were awarded new assignments by Bristol-Myers, Campbell Soup Company, General Foods, Gillette, IBM, Lever Brothers and Mars Incorporated. The effect on our income of our three major *new* accounts (Merrill Lynch, Consolidated Edison, and Hertz International) will be felt mainly in 1968.

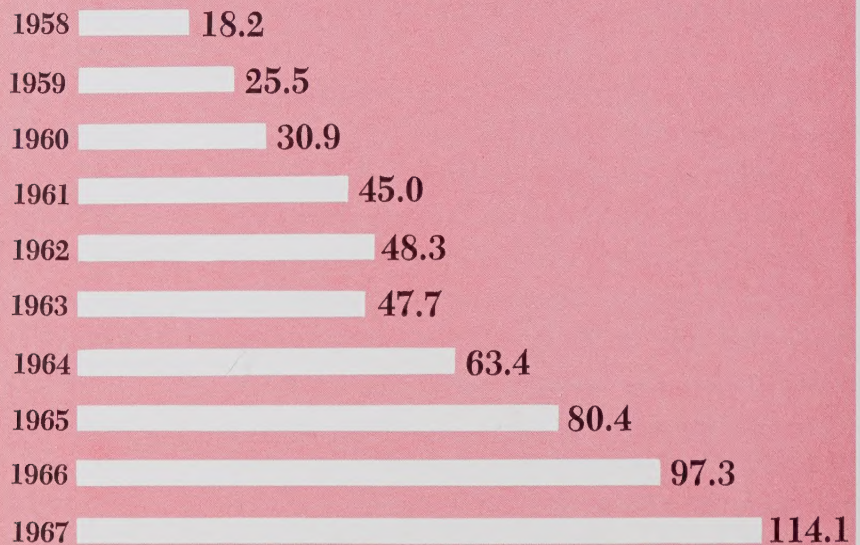
As we said in last year's Annual Report, growth with present clients is the best testimonial to an agency's performance. Since 1960, our U.S. billings have increased by \$83,300,000. Two thirds of this increase has come from clients we had in 1960.

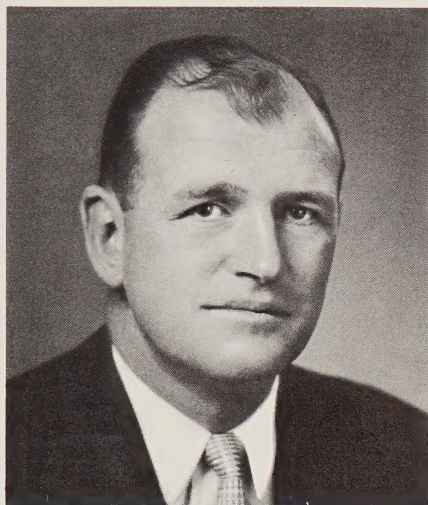
Our aim is not to add accounts indiscriminately, but to win and serve well those that offer the greatest potential for growth and profit.

The volume of U.S. advertising has grown steadily over the past decade, except for 1961, when it suffered a small decline. And the larger agencies (of which we are one) have tended to grow faster than the industry. Advertising's growth has been closely linked to that of the Gross National Product. Between 1957 and 1967 advertising volume rose at an average annual rate of 5.1 percent, while the G.N.P. rose an average of 5.9 percent.

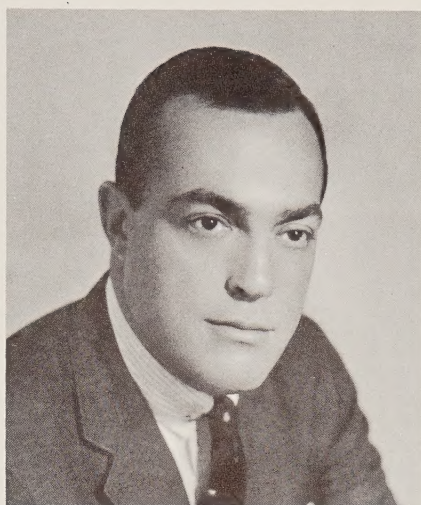
Over the same period, the growth of the twenty-five largest advertising agencies averaged 6.4 percent per year. Ogilvy & Mather's growth averaged 21.1 percent per year, a rate four times

BILLINGS GROWTH IN U.S. (millions of dollars)





JOHN ELLIOTT, JR.
Chairman, New York



JAMES R. HEEKIN, JR.
President, New York



ALAN N. SIDNAM
Vice-Chairman, New York

greater than that of the advertising industry.

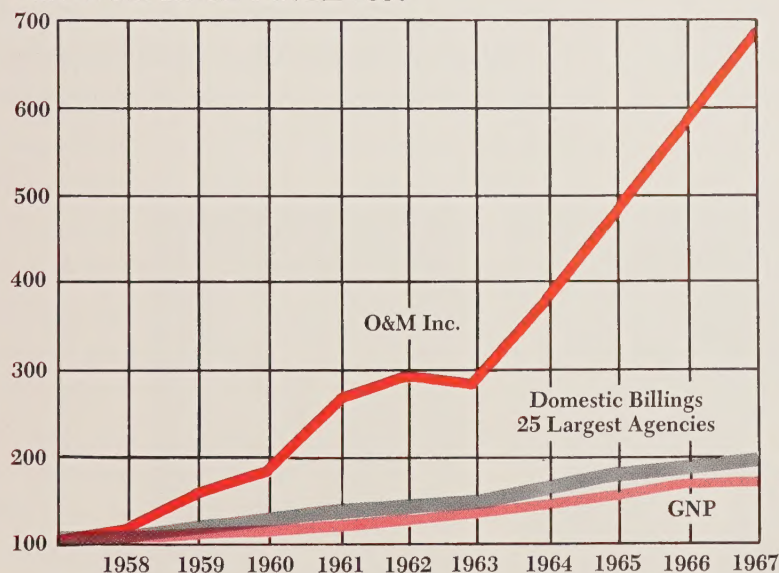
In the two years since a new team was appointed to manage Ogilvy & Mather in the U.S., profits have increased 89.6 percent.

Our major problem in a period of such rapid growth is to maintain our high standards in staffing. We have stepped up our programs of recruitment and training of able young men and women;

the future of your Company depends on them.

Expanding opportunities and rapid advancement virtually eliminated turnover of key personnel in 1967. Seven Vice-Presidents and two Senior Vice-Presidents were elected from our ranks. Three new officers were appointed from the outside.

GROWTH RATE SINCE 1957



Progress in international operations



JAMES BENSON
Managing Director, London

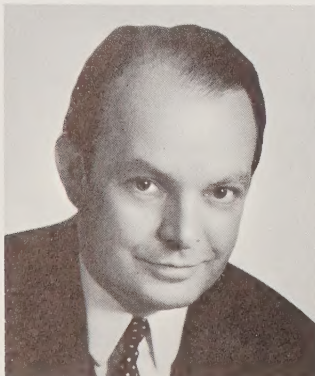
Operating profits from our international operations increased 27.4 percent in 1967. Ogilvy & Mather, with offices in seven other countries, now ranks fifth among all American agencies in terms of billings outside the USA.

We believe that, in years to come, an increasing number of companies will seek the services of agencies which are equipped to do their advertising internationally. It was, therefore, a matter of great satisfaction to us when Hertz, after an exhaustive appraisal of the capability of several agencies with international networks, selected Ogilvy & Mather to handle their advertising in

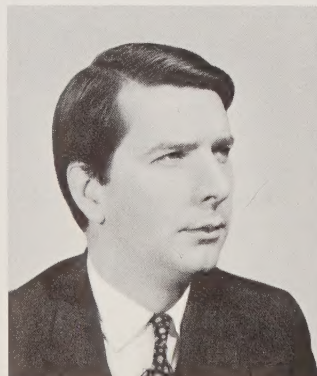
twenty-nine foreign countries.

In 1967, our English agency performed admirably in an adverse economic climate. Cutbacks in expenditure by our existing clients were almost offset by the expenditures of our *new* clients. The full effect of our new clients' billings will be felt in 1968. Reductions in personnel and streamlining of operations resulted in an operating profit increase of 65.7 percent over 1966.

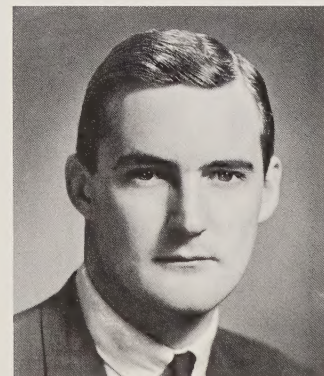
We think this is an example of the resilience of an aggressive, well-managed agency. However, the problems of the British economy remain with us. Our challenge is to carve out a larger share of



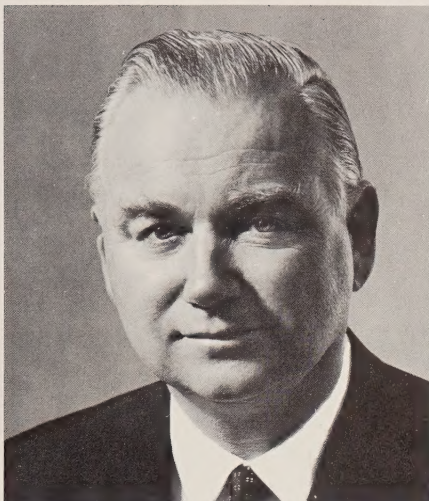
ARMIN FEHLE
Managing Director, Vienna



ROBERT LASAGNA
Managing Director, Milan



MICHAEL BALL
Managing Director, Melbourne



ANGUS ROSS
Deputy Managing Director, London



ANDREW KERSHAW
Chairman, Toronto



HENRY P. BERNHARD
Managing Director, Frankfurt

the market there.

In 1967, there was a non-recurring charge to net income of \$253,019 as a result of devaluation of the pound. This is shown as an extraordinary charge.

On the European continent, we have moved ahead. In Frankfurt, we have made a considerable investment in creative staff and advertising research. We expect that this investment, plus a more favorable economic climate and new assignments from AEG, Gillette and Unilever, will result in increased billings and profit in 1968.

In our Vienna office, increased income coupled with improvement of the organization resulted in a modest profit in 1967, after a loss in 1966.

The consolidation of our operations in Switzerland and Italy with Trio Advertising Agency of Lausanne did not work out as intended. We have therefore sold our interest in Trio and closed our Zurich office. Anticipated losses in connection with this closing have been provided for in the 1967 accounts.

We have repurchased Trio's interest in our Milan office, which we expect to benefit from increased billings in 1968.

In Canada, our profits were up 20.7 percent

over 1966. To improve service to our clients, and as a stimulus to gaining new business, we have opened an office in Montreal; it is already handling five accounts.

In Australia, we opened our doors for business in Melbourne on June 1. By year's end we had won ten accounts—and opened a branch in Sydney. This flying start called for a somewhat greater investment in staffing than had been anticipated. However, we expect our Australian agency to make a profit in 1968, our first full year of operation.

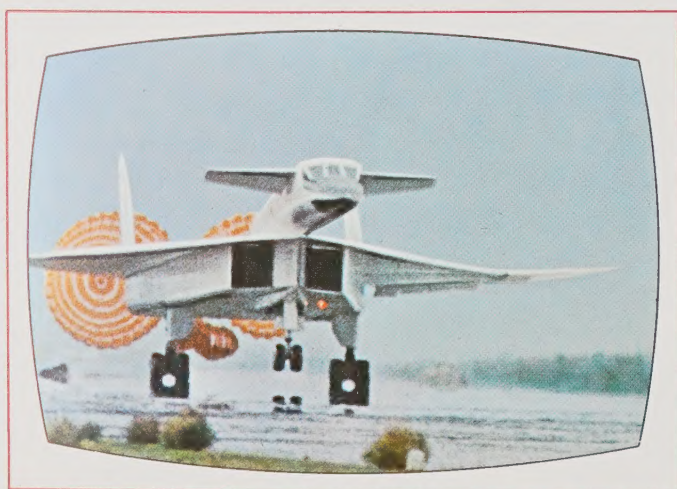
We are proceeding, albeit cautiously, with the further development of our international network. At the end of 1967, we entered into an agreement with Publicis, the second largest French agency. We have opened an office on their premises on the Champs Elysées. Our office, in cooperation with Publicis, will be responsible for the advertising of American Express, Hertz International, Air Canada and other clients who require our services in France.

This alliance, which also calls for an exchange of technical know-how between Ogilvy & Mather and Publicis, has been symbolized by a token exchange of shares in 1968.

What is different about Ogilvy & Mather?



General Foods, New York
Winner Best 8-10 Second ID, American Radio and
Television Commercials Festival



IBM, New York
Winner Best Corporate Advertising, American Radio and
Television Commercials Festival

There are many good advertising agencies. The differences between them are hard to define. But it is the sum of many subtle differences that establishes the character of an agency.

Our job is to create superb advertising for our clients—advertising that brings more results than the advertising of our competitors. Being human, we like to win awards for creative excellence; we win many. But the most important criterion of our success is the sales of our clients.

To help assure this success, we invest a higher percentage of our income in *research* than do most advertising agencies. We believe that consistently successful advertising is born of a marriage of objective research and creative inspiration.

What makes an agency *creative*? The right people working hard in the right atmosphere. We put a premium on *brains*. And we try to encourage an atmosphere of *ferment*—the ferment of innovation, the ferment of success, the ferment of rapid promotion and expanding opportunity.

While we are responsible to our clients for sales results, we are also responsible to consumers for the kind of advertising we bring into their homes. Our aim is always to create advertising that is in good taste. We abhor advertising that is blatant, dull, or dishonest.



National Dairy Council, London
Winner World Press News Outdoor Advertising

Profits in the agency business are not synonymous with billings. Nor do profits depend on giving niggardly service. Rather they depend on the efficient deployment of manpower. We take unusual pains to use our talents efficiently.

In times gone by, the bond between agency and client was often one of personal relationship. But the increasing complexity of marketing and advertising has brought about radical changes in agency-client relationships. Today they seldom, if ever, depend on personal patronage. They rise or fall according to *results*—not personalities.

Thus the prosperity of Ogilvy & Mather depends on its entire staff—present and future.

All our offices are now led by men in their early forties. Said one of our clients recently, “Your agency has shown almost unique foresight in planning for an orderly transition in management to the next generation.”

We are proud of our roster of distinguished clients. On pages 22, 23 and 24, we list them, as well as the fine products which we advertise for them. We commend them to you.

David Ogilvy

David Ogilvy
Chairman

Donald Atkins

Donald Atkins
Vice-Chairman

March 29, 1968

Accounts Gained and Lost or Resigned since 1966

GAINED

NEW YORK

BRISTOL-MYERS
Ammens, NoDoz, Assure,
new product
CAMPBELL SOUP
COMPANY
New product, Pepperidge
Farm new product
CONSOLIDATED EDISON
COMPANY
THE DRACKETT
COMPANY
Whistle
GENERAL FOODS
Instant Maxwell House,
Prime de Luxe Dinners,
Mix'n Scramble, Max-Pax
GILLETTE
COLTON
Eve of Roma cosmetics
HERTZ
INTERNATIONAL
Car rental
IBM RECRUITMENT
LEVER BROTHERS
Final Touch
MARS INCORPORATED
M&M/MARS
New product
UNCLE BEN'S
New product
PUPPY PALACE ENTERPRISES
MERRILL LYNCH,
PIERCE, FENNER & SMITH

TORONTO

GENERAL FOODS
Gravy Train, Gaines
Professional Service Plan,
Rally, Top Choice, Yuban
coffee, Instant Yuban,
Jell-O Instant Pudding,
new products
HERTZ
INTERNATIONAL
Car rental
KNAPE & VOGT
LEVER
Dishwasher 'all'
ORTHO
PHARMACEUTICALS
TRADERS GROUP

LOST OR RESIGNED

P & O ORIENT LINES

W. & A. GILBEY
GUARANTY TRUST

GAINED

LONDON

BASS, MITCHELLS &
BUTLERS
Worthington Beers
DORNAY FOODS
Dine creamed potato mix
GAS COUNCIL
GILLETTE
Foamy, Spruce,
new products
HERTZ
INTERNATIONAL
Car rental
HP BAKED BEANS
IMPERIAL CHEMICAL
INDUSTRIES
Corporate and divisional
publicity
OMEGA WATCH
COMPANY
RECKITT & SONS
Wonderset hair spray
ROWNTREE
Sun Pat nuts and peanut
butter, new products
SCHWEPPES
Coaster, Lemonade
Shandy
UNILEVER
LEVER BROTHERS &
ASSOCIATES
Blast, Sheen, Vigor,
new products
VAN DEN BERGHS
Spry, Delight,
new products
T. WALL & SONS
Yogurt, new products

VIENNA

FELIX AUSTRIA
Potato powder
A. GERNGROSS
Retail chain store
HEA-WERK
Car radios, portables
HERRBURGER u.
RHOMBERG
Bed linen
HERTZ
INTERNATIONAL
Car rental
WIENER STADTISCHE
Life insurance

LOST OR RESIGNED

G. BRAZIL
W. & A. GILBEY
NATIONAL COAL
BOARD
SOUTH AFRICAN
COOPERATIVE
CITRUS EXCHANGE

SALAMANDER SHOES

GAINED

FRANKFURT

A.E.G.
Household appliances
DEUTSCHE SHELL CHEMIE
Vapona Strip Insecticide
DIREKTSERVICE FLY
AND DRIVE
Co-operation Lufthansa
and Hertz
GILLETTE
Techmatic razors,
new product
HERTZ INTERNATIONAL
Car rental
UNILEVER
ELIDA
New product
MARGARINE-UNION
Palmin cooking fat,
Palmin Spezial
cooking fat,
Sanella margarine
SUNLICHT
New products

MILAN

BANCA VONWILLER
Morgan Guaranty
ESSEX
Hosiery
ESTASIS
Furniture
G. S. D.
Underwater swimming
equipment
HERTZ
INTERNATIONAL
Car rental
MERRILL LYNCH,
PIERCE, FENNER & SMITH
PRODOTTI
ALIMENTARI
INTERNAZIONALI
"PAI" potato crisp

LOST OR RESIGNED

CARSTENS SC
Champagne
ICI FIBRES
SALAMANDER SHOES

FELTRINELLI
Publishing
HARBERT ITALIANA
Toys

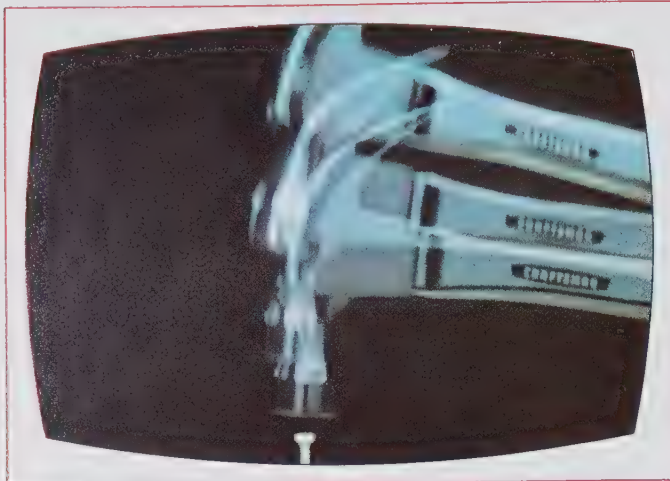
GAINED

MELBOURNE

AMERICAN EXPRESS
F&T INDUSTRIES
Footwear, Clothing &
Furnishing, Plastics and
Rubber, Floorcoverings,
Vinyl Tiles, Wool Tops
COTTEE'S-GENERAL
FOODS
Jams, Jellies, Toppings,
Cordials, Instant
Puddings, new products
GENERAL DYNAMICS
HERTZ INTERNATIONAL
Car rental
MASSEY-FERGUSON
Agricultural and
Industrial Equipment
MEAD JOHNSON
Metrecal, Enfamil
UNILEVER
ROSELLA FOODS
Canned Soups, Flora
margarine
ROWNTREE
Smarties, Kit Kat, Jelly
Tots, Aero, Fruit Pastilles,
new products
SHELL CHEMICALS
Insecticides, Agricultural
and Industrial Chemicals

LOST OR RESIGNED

Television Commercials



Sears, Roebuck, New York



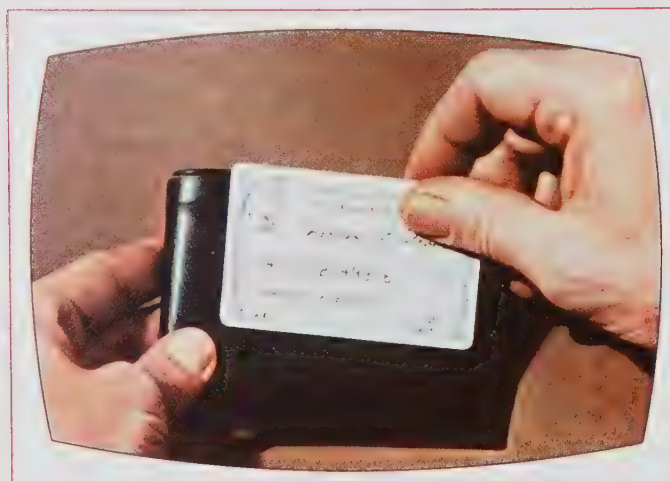
Pepsi-Cola Company (Mountain Dew), New York



Gillette, London



General Foods, New York



American Express, New York



Shell, London



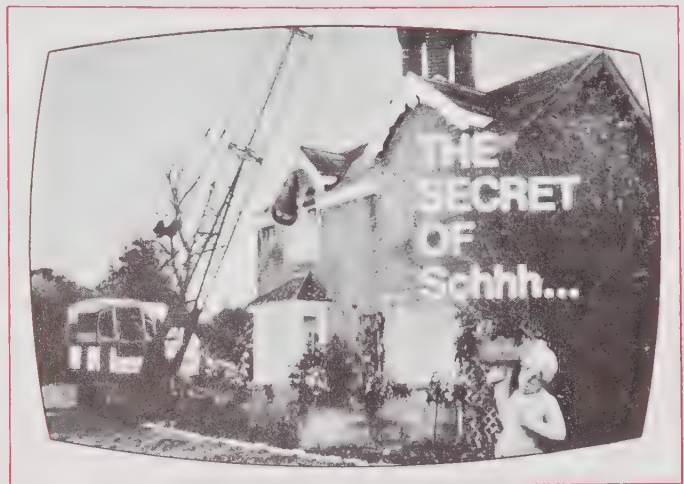
The Observer, London



Lever Brothers, New York



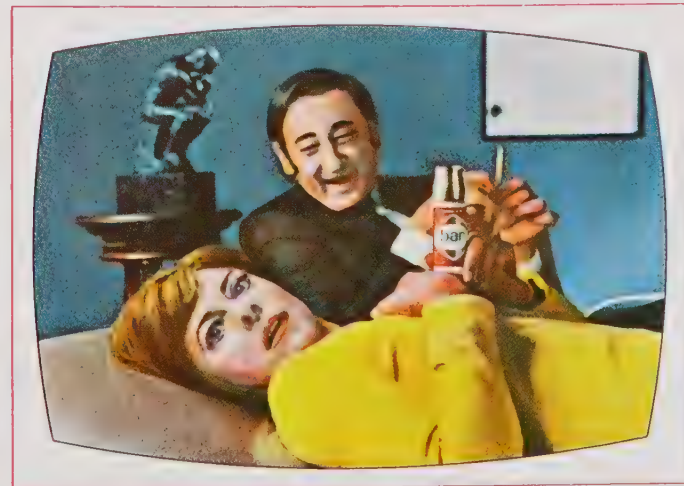
Pepperidge Farm, New York



Schweppes, London



Shell, New York



Bristol-Myers, New York



KLM, New York



Mead Johnson, New York



M&M/Mars, New York



Dornay Foods, London



Tea Council, London



Advertising Council, New York

Stronger than Steel, Lighter than Aluminum: A report from General Dynamics

For decades, it was a fact of life that steel was the strongest material available. But now, thanks to a new alloy of aluminum, that's no longer true. The new alloy, called 7050, is stronger than steel and lighter than aluminum. It's the result of a new process called "hot-chamber die casting," which allows the metal to be cast into complex shapes without losing its strength.

Available in a wide range of sizes, 7050 is used in a variety of applications, from aircraft to space exploration. It's the only aluminum alloy that can be heat-treated to achieve a tensile strength of over 70,000 psi. And it's the only one that can be welded without losing its strength.

The new alloy is made from a combination of aluminum, zinc, magnesium, and copper. It's the result of a new process called "hot-chamber die casting," which allows the metal to be cast into complex shapes without losing its strength.

Any size or shape:
Remember, you have been told that aluminum is weak. But now, thanks to a new alloy, it's not true. The new alloy, called 7050, is stronger than steel and lighter than aluminum. It's the result of a new process called "hot-chamber die casting," which allows the metal to be cast into complex shapes without losing its strength.



What is born?

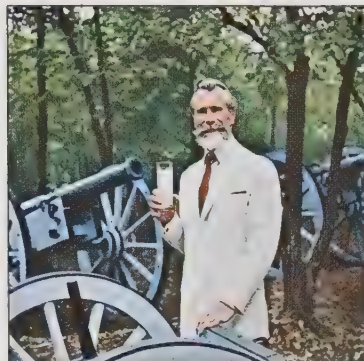
It's the result of a new process called "hot-chamber die casting," which allows the metal to be cast into complex shapes without losing its strength.

Beats and tough

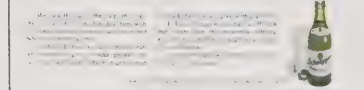
It's the result of a new process called "hot-chamber die casting," which allows the metal to be cast into complex shapes without losing its strength.

That's a human fact

It's the result of a new process called "hot-chamber die casting," which allows the metal to be cast into complex shapes without losing its strength.



Butter Lemon has Schweppes the country. Without a shot being fired



The Zippo. We make it so you can forget it.



General Dynamics, New York

Schweppes, New York

Zippo, New York

A word from Merrill Lynch regarding devaluation and the market today.

The New York Times reported recently that the devaluation of the pound was the only move of 1968 that caused a rise in the price of gold. This is a fact that should be noted by investors.

Merrill Lynch
Pierce, Fenner & Smith Inc.
New York, New York

Merrill Lynch, New York

Every artist signs his work
at Wedgwood

The Wedgwood mark is a mark of quality. It is a mark that has been used for over 200 years. It is a mark that is recognized by artists and collectors alike.

Wedgwood

Wedgwood, Toronto

New spray cleaning miracle!

Vigor on...dirt's gone!

Vigor cleans better, easier, anywhere.

works on walls, floors, ceilings, windows, doors, tiles, etc.

works on kitchen cabinets, bathroom fixtures, etc.

Vigor cleans anywhere.

Unilever, London

More muddy evidence
in the case for Fisons Fertilizers, 1968

Fisons

Fisons, London

Grin

MEET THE
ANGRY
TOILET BOWL
CLEANER!

SAVE 7c

Drackett

Drackett, New York

Angelita's smile: testimonial to the new Puerto Rico

Puerto Rico

Puerto Rico, New York

Ogilvy & Mather International Inc.

Consolidated Statement of Income and Retained Earnings

For the years ended December 31, 1967 and 1966

	1967	1966
GROSS BILLINGS TO CLIENTS	<u>\$179,209,499</u>	<u>\$166,300,297</u>
INCOME		
Fee and commission income	\$ 28,804,161	\$ 26,674,905
Other income, net	288,587	263,482
	<u>29,092,748</u>	<u>26,938,387</u>
EXPENSES		
Salaries and other employee benefits	17,774,885	16,486,199
Office and general expenses	7,409,948	6,836,970
Depreciation and amortization	459,681	410,804
Interest expense	107,169	112,891
Minority interest (Note 1)	33,136	41,871
	<u>25,784,819</u>	<u>23,888,735</u>
INCOME BEFORE TAXES ON INCOME	<u>3,307,929</u>	<u>3,049,652</u>
Provision for taxes on income (Note 2)		
United States	1,135,836	1,146,000
Foreign	582,322	466,363
	<u>1,718,158</u>	<u>1,612,363</u>
INCOME BEFORE EXTRAORDINARY CHARGE	1,589,771	1,437,289
EXTRAORDINARY CHARGE from		
devaluation of British pound	253,019	
NET INCOME	<u>1,336,752</u>	<u>1,437,289</u>
RETAINED EARNINGS, BEGINNING OF YEAR	3,683,771	2,573,962
	<u>5,020,523</u>	<u>4,011,251</u>
Dividends paid	518,108	327,480
RETAINED EARNINGS, END OF YEAR	<u>\$ 4,502,415</u>	<u>\$ 3,683,771</u>
PER SHARE OF COMMON STOCK:		
Income before extraordinary charge*	\$1.46	\$1.32
Extraordinary charge*	.23	
Net income*	<u>\$1.23</u>	<u>\$1.32</u>
Dividends	<u>\$.47½</u>	<u>\$.30</u>

*Based on weighted average number of shares outstanding during the respective years.

Ogilvy & Mather International Inc.

Consolidated Balance Sheet

ASSETS	December 31,	
	1967	1966
CURRENT ASSETS		
Cash	\$ 1,749,592	\$ 1,656,327
Marketable securities, at cost		
which approximates market	1,135,256	652,805
Accounts receivable	17,535,380	19,238,273
Expenditures billable to clients	2,058,855	3,030,470
Other current assets	551,557	370,576
Total current assets	<u>23,030,640</u>	<u>24,948,451</u>
FIXED ASSETS, at cost		
Furniture, fixtures and equipment	2,923,091	2,667,296
Leasehold improvements	1,537,064	1,243,604
	<u>4,460,155</u>	<u>3,910,900</u>
<i>Less</i> —Accumulated depreciation and amortization	<u>1,992,206</u>	<u>1,719,756</u>
	2,467,949	2,191,144
EXCESS OF INVESTMENT IN CONSOLIDATED COMPANY OVER NET ASSETS ACQUIRED	525,763	525,763
DEFERRED CHARGES AND OTHER ASSETS, less amortization	<u>188,748</u>	<u>229,574</u>
	<u>\$ 26,213,100</u>	<u>\$ 27,894,932</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 15,588,275	\$ 17,996,849
United States and foreign income taxes	1,156,150	1,621,232
Contributions payable to profit-sharing plans (Note 5)	795,055	614,488
Bank loans	457,919	327,623
Total current liabilities	<u>17,997,399</u>	<u>20,560,192</u>
15-YEAR 6 PERCENT DEBENTURES (Note 3)	811,000	811,000
RETIREMENT AND SEVERANCE RESERVES (Note 5)	317,981	225,522
MINORITY INTEREST (Note 1)	31,977	31,442
STOCKHOLDERS' EQUITY (Notes 1, 3 and 4)		
Common stock, \$2 par value—Authorized 1,400,000 shares; issued 1,091,601 shares	2,183,202	2,183,202
Paid-in surplus	399,803	399,803
Retained earnings	4,502,415	3,683,771
	<u>7,085,420</u>	<u>6,266,776</u>
<i>Less</i> —Treasury stock, 1,750 shares, at cost	<u>30,677</u>	<u>—</u>
	7,054,743	6,266,776
	<u>\$ 26,213,100</u>	<u>\$ 27,894,932</u>

Ogilvy & Mather International Inc.

Distribution of Net Assets, Gross Billings and Operating Income of Operating Agencies

December 31, 1967

	United States	United Kingdom, Continental Europe, Canada and Australia
NET ASSETS		
Current assets	\$ 12,122,629	\$ 10,784,912
Current liabilities	(9,305,771)	(8,554,532)
Other assets, net	1,470,220	935,880
Net assets	<u>\$ 4,287,078*</u>	<u>\$ 3,166,260</u>
GROSS BILLINGS TO CLIENTS	\$114,143,546	\$ 65,065,953
OPERATING INCOME	\$ 1,416,842*	\$ 307,159**

*Exclusive of net liabilities of \$398,595 and \$134,230 loss of the parent holding company.
 **Exclusive of extraordinary charge of \$253,019 resulting from devaluation of British pound.

Notes to Consolidated Financial Statements

Note 1—Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and all subsidiary companies including an 80% owned German agency. Foreign currency accounts have been translated into U.S. dollars at appropriate current and historical rates of exchange. The loss on translation of net current assets resulting from devaluation of the British pound in November,

1967 is included as an extraordinary charge to income.

See "Distribution of Net Assets, Gross Billings and Operating Income of Operating Agencies" appearing above.

Note 2—Income Taxes:

No provision has been made for U.S. and foreign taxes which would be payable upon remittance of foreign subsidiaries' retained earnings to the parent Company; no such distribution is contemplated since these retained earnings are needed for working cap-

ital requirements and all dividends from subsidiaries are paid out of current earnings of the respective companies. No U.S. taxes were payable on foreign dividends received in 1967 because of the availability of foreign tax credits.

Note 3—Debentures and Earnings Available for Dividends:

The 15-year 6% debentures are payable in five annual installments beginning December 31, 1975; commencing January 1,

1970, the Company has the right to redeem all or a part of these obligations at par plus various premiums. Under the terms of the debentures, certain restrictions are placed on the payment of cash dividends; at December 31, 1967 approximately \$3,833,000 of consolidated retained earnings was not restricted.

Note 4—Stock Options:

During the year, options to purchase 9,200 shares of common stock were granted under the Company's 1966 Stock Option Plan at prices ranging from \$12.75 to \$16.85 per share, equal to 100 percent of the market value on the dates of grant. Options for 750 shares were cancelled and at December 31, 1967, 10,250 shares of the original 75,000 shares authorized remained available for grant. Options are exercisable beginning one year from the date of grant on a cumulative annual basis at the rate of 25 percent of the total number of shares under option. During 1967 options on 13,887 shares became exercisable; none were exercised. No options may be granted under this plan after March 31, 1971.

On February 6, 1968, the Board of Directors adopted, subject to ratification by the shareholders, a supplementary stock option plan under which options for an additional 50,000 shares of common stock may be issued.

Note 5—Pension and Profit Sharing Plans:

The German agency has a retirement plan under which unfunded provisions based on actuarial calculations are made to provide for anticipated pension obligations including prior service costs over the service life of eligible employees. Under the British company's contributory plan, annuities are purchased from an insurance company to provide for the annual increment in earned benefits of plan participants. Vested benefits of each plan are more than covered by book reserves and fund assets, respectively. Aggregate costs of these plans amounted to \$242,260 (\$292,211 in 1966). No other subsidiaries of the Company have pension plans.

The aggregate cost of contributions to profit sharing trust funds of the United

States and Canadian operating subsidiaries amounted to \$795,055 (\$614,488 in 1966).

Note 6—Commitments:

Approximate annual rentals under leases in effect on premises occupied by the Company's operating subsidiaries were as follows:

1968	\$1,488,000
1969	1,536,000
1970	1,465,000
1971	1,400,000
1972	1,328,000

Total lease commitments extending beyond 1972 amounted to approximately \$3,996,000 for terms ending through 1980, the major portion of which is applicable to space leased for offices of the Company's United States subsidiary.

As of December 31, 1967 the Company ended its association with the Trio advertising agency in Switzerland and sold its minority interest in that agency back to the shareholders who held the majority interest.

The Company has the right of first refusal on the 20% minority interest in Heumann, Ogilvy & Mather should the owner offer it for sale.

To the Board of Directors
and Stockholders of
Ogilvy & Mather International Inc.

60 Broad Street
New York, New York

In our opinion, the accompanying consolidated balance sheet and related consolidated statement of income and retained earnings present fairly the financial position of Ogilvy & Mather International Inc. and its subsidiaries at December 31, 1967 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

March 6, 1968

PRICE WATERHOUSE & CO.

Ogilvy & Mather Clients and Their Products

New York

AMERICAN EXPRESS

BRISTOL-MYERS

Ban, Ammens, NoDoz, Assure, new products

BRITISH TRAVEL ASSOCIATION

CAMPBELL SOUP COMPANY

Pepperidge Farm products, new products

COMMONWEALTH OF PUERTO RICO

CONSOLIDATED EDISON COMPANY

THE DRACKETT COMPANY

Drāno, VANiSH, delete, Whistle, new products

GENERAL CIGAR COMPANY, INC.
Cobt. Burns Cigars

GENERAL DYNAMICS

GENERAL FOODS

Maxwell House Coffee, Instant Maxwell

House Coffee, Maxim, Max-Pax, Good

isons Salad Dressing, Shake 'n Bake,

Fix 'n Scramble, Prime, Open Pit, Start,

Great Shakes, new products

THE GILLETTE COMPANY

COLTON

Eve of Roma cosmetics,
new products

C. F. HATHAWAY

Men's shirts

HERTZ INTERNATIONAL

Car rental

INTERNATIONAL BUSINESS

MACHINES

Corporate, Recruitment

INTERNATIONAL PAPER COMPANY

KLM ROYAL DUTCH AIRLINES

LEVER BROTHERS

Dove, Lucky Whip, Imperial,

Dove-for-Dishes, Super Stripe, Final Touch,
new products

MARS INCORPORATED

M&M/MARS

Milky Way Bar, Snickers Bar, Forever

Yours Bar, Starburst Fruit Chews,

Marsettes, Sprint Chocolate Crisp Bar,
new product

UNCLE BEN'S

New product

PUPPY PALACE ENTERPRISES

MEAD JOHNSON NUTRITIONALS

Metrecal, Pabulum, new products

MERCEDES-BENZ of NORTH AMERICA

MERCK & CO.

Corporate

MERRILL LYNCH, PIERCE, FENNER &
SMITH

MICHAELS/STERN

Men's Wear

MORGAN GUARANTY

TRUST COMPANY of NEW YORK

NATIONWIDE INSURANCE
COMPANIES

PEPSI-COLA COMPANY

Mountain Dew

SCHWEPES (U.S.A.)

Tonic, Bitter Lemon, Bitter Orange,
Ginger Ale, Ginger Beer, Club Soda

SEARS, ROEBUCK

Corporate

SHELL OIL COMPANY

Gasoline and other automotive products
and services

SHELL CHEMICAL COMPANY

STEBEN GLASS

ZIPPO MANUFACTURING COMPANY

London

AIR CANADA

AMERICAN EXPRESS

BASS, MITCHELLS & BUTLERS

Worthington Beers

BRISTOL-SIDDELEY ENGINES

BRITISH EGG MARKETING BOARD

BRITISH TURKEY FEDERATION

CENTRAL OFFICE OF INFORMATION

British Government Export Advertising

DECIDUOUS FRUIT BOARD
OF SOUTH AFRICA

DORNAY FOODS

Dine creamed potato mix

FISONS

Corporate, agricultural fertilizers

GAS COUNCIL

Heating, cooking and refrigeration

GILLETTE SAFETY RAZOR COMPANY

Right Guard, Foamy, Spruce, new products

HERTZ INTERNATIONAL

Car rental

HP SAUCE

Sauces and baked beans

IMPERIAL CHEMICAL INDUSTRIES
Corporate and divisional publicity

ICI FIBRES

Terylene, Crimplene, Ulstron, Bri-Nylon

LEA & PERRINS

Worcester Sauce

NATIONAL DAIRY COUNCIL
(and eight other Statutory Boards)

THE OBSERVER

Newspaper and colour magazine

OMEGA WATCH COMPANY

PETFOODS

Bounce, Mick

JOHN PLAYER & SONS

Medium Navy Cut, Gold Leaf, No. 6
cigarettes, Finos cigars, Sherwood and
Digger tobaccos

RANKS HOVIS McDUGALL

New products

RECKITT & SONS

Wonderset hair spray

REDIFFUSION

Commercial television stations, TV and
Radio sales and rentals

REDITUNE

Taped music

RONSON PRODUCTS

Lighters

ROWNTREE

Aero, Beech-Nut, Blue Riband biscuits,
Caramel Wafers, Sun Pat nuts and peanut
butter, new products

J. SAINSBURY

SCHWEPES

Tonic, Bitter Lemon, American Dry Ginger
Ale, Dry Ginger Ale, Soda Water, Coaster,
Lemonade Shandy, Jams, Jellies,
Marmalades, new product

SHELL INTERNATIONAL
PETROLEUM COMPANY
Corporate

SHELL-MEX & B.P.

Shell Petrol and other automotive products

TEA COUNCIL

UNILEVER

BATCHELORS FOODS

Canned vegetables

LEVER BROTHERS & ASSOCIATES

Blast oven cleaner, Sheen furniture polish,
Vigor spray cleaner, new products

VAN DEN BERGHS
Spry, Delight margarine, new products

T. WALL & SONS
Yogurt, new products

UNITED MARKETING
Bostik adhesives

WESTMINSTER BANK

Frankfurt

A.E.G.
Corporate, power tools,
household appliances

ALLGAEUER ALPENMILCH
Alete baby food

AMERICAN EXPRESS

DEUTSCHE LUFTHANSA
Corporate, passenger and freight,

DEUTSCHE SHELL
All products and services

DEUTSCHE SHELL CHEMIE
Chemical products, Vapona Strip Insecticide

DIREKTSERVICE FLY AND DRIVE
Co-operation Lufthansa and Hertz

FRANKFURTER BANK

GILLETTE ROTH-BUECHNER
Gillette razor blades, safety razors and foam,
Techmatic razors, Rotbart blades,
Dippity-Do, new product

HERTZ INTERNATIONAL
Car rental

JOHNSON-GRUENOL CHEMIE
Floor polishes

MERCEDES-BENZ

REEMTSMA
Juno cigarettes

RICCADONNA
Vermouth

OUTSPAN ORGANISATION
Oranges, grapefruit

UNILEVER
ELIDA
New product

MARGARINE-UNION
Palmin cooking fat,
Palmin Spezial cooking fat,
Sanella margarine

SUNLIGHT
Bio-Luzil pre-washing powder,
new products

ZELLSTOFFFABRIK WALDHOF
Zewa-Lind toilet tissue

Toronto

AMERICAN EXPRESS

BRISTOL-MYERS
Ban, Bufferin, Excedrin, Fact, Score,
Softique, Vitalis

CAMPBELL SOUP CO.
Heat-processed soups,
Pepperidge Farm products

CANADIAN INTERNATIONAL PAPER
Corporate, building products

GENERAL FOODS
Yuban coffee, Instant Yuban, Jell-O Instant
Pudding, Minute Rice, Whip'n Chill,
Sun-up, Rally, Gaines Professional Service
Plan, Gaines Meal, Gravy Train,
Top Choice, new products

C. F. HATHAWAY
Men's shirts

HERTZ INTERNATIONAL
Car rental

JOHNSON & JOHNSON
Non-woven and hospital products

KNAPE & VOGT

LEVER BROTHERS
Lucky Whip, Imperial, Good Luck, Solo,
Dishwasher 'all', Surf, new product

LONDON LIFE INSURANCE

MEAD JOHNSON NUTRITIONALS
Metrecal, Pabulum, new products

MERCEDES-BENZ of CANADA

MOFFATS
Major appliances

ROWNTREE
Candies

ORTHO PHARMACEUTICALS

SCHWEPPES
Tonic, Bitter Lemon, Bitter Orange,
Ginger Ale, Ginger Beer, Club Soda

SHELL CANADA
Gasoline and other automotive products
and services, agricultural and
industrial chemicals

SHEPHERD CASTERS

TRADERS GROUP

WEDGWOOD
China, dinnerware

ZIPPO MANUFACTURING COMPANY

Melbourne

AMERICAN EXPRESS

F&T INDUSTRIES
Footwear, Clothing & Furnishing, Plastics
and Rubber, Floorcoverings, Vinyl Tiles,
Wool Tops

COTTEE'S-GENERAL FOODS
Jams, Jellies, Toppings, Cordials, Instant
Puddings, new products

GENERAL DYNAMICS

HERTZ INTERNATIONAL
Car rental

MASSEY-FERGUSON
Agricultural and Industrial Equipment

MEAD JOHNSON
Metrecal, Enfamil

UNILEVER
ROSELLA FOODS
Canned Soups, Flora Margarine

ROWNTREE
Smarties, Kit Kat, Jelly Tots, Aero,
Fruit Pastilles, new products

SHELL CHEMICALS
Insecticides, Agricultural and
Industrial Chemicals

Paris

AIR CANADA

AMERICAN EXPRESS

HERTZ INTERNATIONAL
Car rental

Vienna

AIR CANADA

AMERICAN EXPRESS

A. WEINER
Radio and television sets, portables,
stereo equipment, tape records

CONSTRUCTA
Washing machines, dish washers

DONAU CHEMIE
Fertilizer

FELIX AUSTRIA
Baby food, tinned food, ketchup,
potato powder

A. GERNGROSS
Retail chain store

HEA-WERK
Car radios, portables

HERRBURGER u. RHOMBERG
Bed linen

HERTZ INTERNATIONAL
Car rental

MARS INCORPORATED
Candies, Pet foods, Uncle Ben's Rice

MECNAROWSKI & CO.
Zwitsal baby cosmetics, Topdent denture
adhesive, Ice Fresh after shave, Taylor-
Nagel-Neu artificial fingernails

PHILIPS
Household electrical appliances

SHELL AUSTRIA
Gasoline and other automotive products
and services, agricultural and
industrial chemicals

WIENER STADTISCHE
Life insurance

Milan

AIR CANADA

AMERICAN EXPRESS

BANCA VONWILLER
Morgan Guaranty Trust

BRISTOL-SIDDELEY ENGINES
Aero, Marine and industrial engines

ESSEX
Hosiery

ESTASIS
Furniture

W. & A. GILBEY
"Black Prince" Whisky

G.S.D.
Underwater swimming equipment

HERTZ INTERNATIONAL
Car rental

I.C.I. (EUROPA) FIBRES
Bri-Nylon, Terylene, Crimplene

MERRILL LYNCH, PIERCE,
FENNER & SMITH

3M MINNESOTA ITALIA

PRODOTTI ALIMENTARI
INTERNAZIONALI
"PAI" potato crisp, new products

SIDOL
Scotch Brite scourer-pad

TIGULLIO
Basil sauce, mayonnaise and other sauces

Directors and Officers

Chairman and Chief Executive
Vice-Chairman

David Ogilvy
Donald Atkins
James Benson
John Elliott, Jr.
James R. Heekin, Jr.
Andrew Kershaw
A. A. Ross
Alan N. Sidnam
Stanhope Shelton
E. Esty Stowell

Creative Director O&M New York
Chairman O&M London
Managing Director O&M London
Chairman O&M New York
President O&M New York
Chairman O&M Toronto
Deputy Managing Director O&M London
Vice-Chairman O&M New York
Vice-Chairman, Creative Director O&M London
Director O&M New York

Treasurer
Secretary
Assistant Treasurer

Shelby H. Page
Stanley Pigott
John Nettleton

